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FM AMEMBASSY BAGHDAD

TO RUEHC/SECSTATE WASHDC IMMEDIATE 3012

INFO RUCNRAQ/IRAQ COLLECTIVE PRIORITY

RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

RHMFSS/CDR USCENTCOM MACDILL AFB FL PRIORITY

RHEBAAA/USDOE WASHDC PRIORITY

RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 BAGHDAD 000652

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E.O. 12958: DECL: 02/28/2016

TAGS: ECON PGOV PREL I2

SUBJECT: REQUEST FOR GUIDANCE: GOI REQUEST FOR ASSISTANCE
TO FREEZE JORDANIAN ASSETS

REF: A. 2005 BAGHDAD 3943

1B. NEA/I CLASSIFIED O-I FOR 12/08/2005

1C. 2005 AMMAN 5136

Classified By: Charge d,Affaires David M. Satterfield for reasons 1.4 (b) and (d).

11. (C/REL GBR AUS) This is an action request; please see para 7.

12. (C/REL GBR AUS) SUMMARY: Post seeks guidance on responding to a diplomatic note received from Deputy Prime Minister Ahmed Chalabi requesting assistance in freezing Jordanian assets of Iraqis implicated in corruption at the Iraqi Ministry of Defense (MoD). END SUMMARY.

13. (C/REL GBR AUS) At the end of December 2005, Embassy received a diplomatic note from Deputy Prime Minister Ahmed Chalabi requesting assistance in urging Jordanian authorities to seize assets and release bank records of individuals implicated in corruption at MoD. (NOTE: A procurement scandal at the MoD in 2005, in which as much as \$1.3 billion in defense purchases may have been overlooked, not delivered, or simply missing, has garnered much public attention; see ref A. END NOTE.) Attached to the diplomatic note was a list of 24 individuals charged with corruption. Please see para 8 for the full English translation of the dipnote and para 9 for its attachment.

14. (C/REL GBR AUS) Post understands that the Department received a similar request via diplomatic note from the Iraqi Embassy in Washington, D.C., dated December 8, 2005 (ref B). This diplomatic note asked for confirmation of personal assets in the United States of nine accused Iraqis (who are among the list of 24 Iraqis named in Chalabi's dipnote). The Iraqi Embassy's dipnote also requested that the nine individuals' U.S. assets be frozen in accordance with the Iraqi court orders that resulted from the corruption investigations at the MoD.

15. (C/REL GBR AUS) The warrants and seizure orders against the individuals named in both dipnotes were issued by the Commission on Public Integrity (CPI) in accordance with Iraqi law. (COMMENT: We have not seen the actual CPI warrants and seizure orders but -- based on the audit of the MoD conducted by the Board of Supreme Audit, which we have seen, and reporting from Embassy Amman (ref C) -- there appear to be enough irregularities upon which legally to base the charges. END COMMENT.) There also are allegations, however, that the charges and investigation are politically motivated and that senior Iraqi officials are using the scandal to pursue political vendettas. Kurdish leader Masud Barzani briefly granted "asylum" in the Kurdish north to former Minister of Defense Hazem al-Sha'alan, citing the politicized nature of

the charges. (NOTE: Al-Sha'alan may still be in the north, although Kurdish sources say he will be available for questioning by the CPI. END NOTE.)

COMMENT AND REQUEST FOR GUIDANCE

¶6. (C/REL GBR AUS) COMMENT: Allegations of politicized charges notwithstanding, we have a very strong interest in supporting Iraq's anti-corruption institutions and the rule of law in Iraq. Unsurprisingly, virtually every prominent politician charged with corruption has alleged bias -- either ethnic, religious, gender, or a combination thereof. Moreover, an initial breakdown of cases of prominent figures (Director General or equivalent and above) referred by the CPI to the Central Criminal Court of Iraq (CCCI) for judicial action reveals a demographic breakdown that undercuts charges of bias. Of 35 indicted individuals, approximately 68 percent are Shia, 23 percent Sunni, 6 percent Kurd, and 3 percent unknown. Aside from the under-representation of Kurds, these figures are not particularly different from the estimated demographics of the population at-large. END COMMENT.

¶7. (C/REL GBR AUS) ACTION REQUEST: Post requests guidance on how to respond to the GOI's request. It would be especially useful to know how the Department responded to the diplomatic note it received from the Iraqi Embassy so that we may craft a consistent response. END ACTION REQUEST.

TEXT OF DIPNOTE

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¶8. (C/REL GBR AUS) The full English translation of the diplomatic note and its attachment is as follows:

Republic of Iraq

Ahmed Chalabi
Deputy Prime Minister

Your Excellency Khalilzad - Ambassador of the United States of America

Best Greetings

An investigative judge at the Integrity Commission has issued a number of arrest warrants and seizure orders of movable and immovable assets of those implicated in the corruption cases in the Ministry of Defense (list attached). In order to execute the seizure of the movable assets deposited in Jordanian and Lebanese Banks, the following measures were taken:

¶1. A meeting was held in Amman on October 23, 2005 between Mr. Ali Allawi - Minister of Finance and Dr. Sinan Al Shibli - Governor of the Central Bank of Iraq with Mr. Adel Al Kudhat - Jordanian Minister of Finance and Dr. Omyah Tokan - Governor of the Central Bank of Jordan. During the meeting, the issue was clarified to the Jordanian side regarding the corruption case. The Iraqi government demanded the return of the sums that have been transferred to the Housing Bank in Amman under the name of Na'ir Mohammed Ahmed Al Jumaili. Also the case was explained that it is not only a matter of financial corruption or embezzlement of funds of the state but it is also a matter linked to the financing of the ongoing terrorist actions in Iraq and the region. A request was made to provide the Iraqi government with the bank account statement of Mr. Na'ir Mohammed Ahmed Al Jumaili at the Housing Bank and details of movement of this account.

¶2. A power of attorney was issued for the Jordanian lawyer,

Rabe'a Hamza, to take legal measures for the seizure of funds of those implicated in financial corruption and trace those funds in case they are being transferred outside Jordan. Bearing in mind that the aforementioned lawyer has informed us that he received unofficial information on the transfer of those funds to foreign banks outside Jordan. Another power of attorney was issued to a Lebanese lawyer to take similar measures.

¶3. The Governor of the Central Bank of Jordan informed us in his letter No. 544 of October 25, 2005 that he has taken a temporary measure regarding Na'ir Mohammed Ahmed Al Jumaili and that he awaits a decision to be issued by a Jordanian judicial entity to enable the Jordanian authorities to take action.

I would kindly request His Excellency the Ambassador to be informed of the above and render assistance with respect to urging the Jordanian Authorities to cooperate in the seizure of the funds belonging to the accused Nair Mohammad Ahmad Al-Jumaili deposited in the Housing Bank of Amman and any other banks and also to seize the funds of the accused whose names are given in the attached list as well as disclosing the bank account statement of Nair Mohammad Ahmad Al-Jumaili in the Housing Bank of Amman and in other banks. The same applies to the other accused. Thanking you for your cooperation.

With the highest appreciation

(signed)
Dr. Ahmad Abdul Hadi Al-Chalabi

END DIPNOTE.

Attachment

¶9. (C/REL GBR AUS) List of the names of the accused

1 - Hazim Gitran Al-Sha'lan
2 - Na'ir Mohammed Ahmed Al-Jumaili
3 - Broska Noori Shawis
4 - Ziyad Tariq Abdullah Al-Qattan
5 - Misha'l Al-Sarraf
6 - Abdul- Hameed Aziz Mirza
7 - Nazar Juma'

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8 - Faris Ghanim Abdul- Majeed
9 - Aza Khaffaf
10 - Waleed Khalid
11 - Qussay Rasheed
12 - Istabraq Abdul-Razzaq
13 - Mukhtar Hussein
14 - Dhafir Salman Khalaf
15 - Ghanim Abdul-Kareem
16 - Bassil Abu Misha'l
17 - Sawsan Jassim Mohammed
18 - Kamal Abdul-Kareem Al-Barazanchi
19 - Khalil Al-Turaihi
20 - Omar Abdul-Rahman
21 - Tariq Al-Abbudi
22 - Abdullah Sa'dun
23 - Ayad Ra'uf
24 - Raheem Abdul-Hassan

END ATTACHMENT.
SATTERFIELD